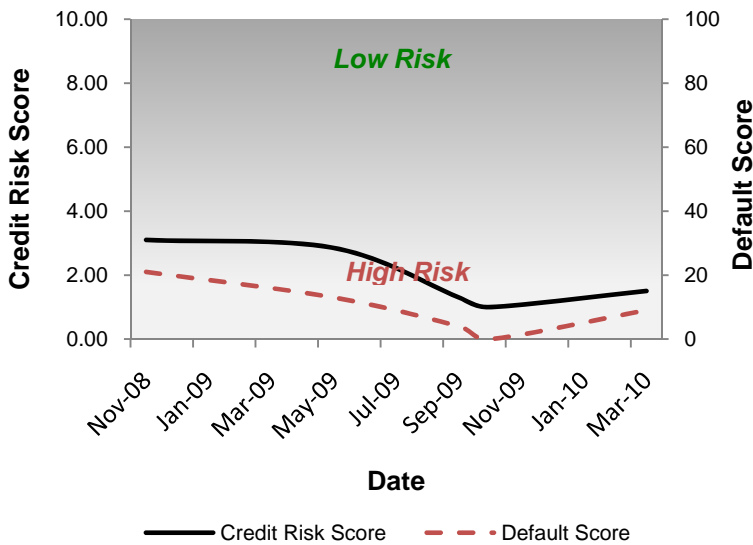


Report Date: March 1, 2010

**ABC Corporation**  
Evansville, IN

**Trend Analysis**



**Scoring History**

Date	Credit Risk Score	Default Score
Nov 5, 2008	3.1	21
May 19, 2009	2.85	13
Sept 2, 2009	1.3	4
Oct 8, 2010	1.0	BK
March 1, 2010	1.0	9

**Recent Developments:**

We have completed a committee review of the company. Based on our evaluation, we feel the company's credit scores warrant an adjustment reflecting the company's emergence from Bankruptcy.

On October 8, 2009, ABC Corporation and its domestic subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware.

On February 26, 2010, the company emerged from Chapter 11 Bankruptcy with a new capital structure after completing all conditions of its Plan of Reorganization. The capital structure includes a \$308 million term loan and \$140 million of convertible notes. Also, all unsecured trade creditors are to be paid in full for valid claims.

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In addition, the Company has filed the necessary paperwork for ABC's common stock to begin trading on the Over-the-Counter Bulletin Boards and will announce the symbol for trading in ABC's common stock when it becomes available.

We would note the company serves heavy truck, commercial and industrial equipment, agriculture, and automotive end markets where the majority of these segments remain under pressure. We would also like to see some operating history and the company's balance sheet (reflecting the new capital structure post emergence).

As such, we continue to recommend no open credit terms at this time.

Going forward, we will continue to monitor the company and alert you to any changes in the company's credit risk profile.

- The company has been in business since **1986** under current management / control.
- The company's ProfitGuard Credit Risk Score remains **1.0** (scale of 1 to 10 with 10 being lowest risk).
- The company's ProfitGuard Default Score has been raised to **9** (scale of 1 to 100 with 100 being lowest likelihood of default).
- The company's payment experience has ranged from 6 to 11 days beyond payment terms over the past year, currently paying its vendors approx. 11 days beyond terms.
  - Based on 168 total payment experiences of which 41 have been reported as slow.
  - We find the indication of 1 negative payment item (Collection, Dispute, or NSF).
  - Highest Credit \$600,000.
- We find no presence of open suits, liens, or judgments.

***The following financial highlights are based on the Parent company's annual 12/31/09 year ended results:***

- Net Sales \$570.2 million, down 39% from the prior year.
- Operating Loss \$65.1 million, compared to Operating Loss \$276.6 million in the prior year.
- Net Loss \$140.1 million.
- Cash and Cash Equivalents \$56.5 million.
- Current Assets \$199.1 million.
- Current Liabilities \$474.3 million.
- Current Ratio 0.42:1 with Deficit Working Capital \$275.1 million.
- Total Assets \$671.7 million.
- Total Liabilities \$899.9 million.
- Deficit Tangible Net Worth \$471.2 million.
- Negative Net Operating Cash Flow \$39.3 million.
- Negative Free Cash Flow \$59.7 million.

***Liquidity – Prior to Bankruptcy Filing***

- As of December 31, 2009, their primary sources of liquidity were cash reserves and credit facilities.

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- The U.S. and Canadian Revolving Credit Facilities were drawn down \$34.1 million and \$22 million, respectively, as of December 31, 2009, leaving availability of approximately \$1.5 million, which considers outstanding letters of credit of \$18.2 million and excludes \$24.2 million of the Revolving Credit Facility held by Lehman Commercial Paper, Inc.
- Upon the Effective Date of the Plan of Reorganization, all amounts outstanding under the DIP credit facility were paid and the DIP credit facility was terminated in accordance with its terms.
- As of the Effective Date, under their postpetition senior credit facility ABC has outstanding term loans of \$287,019,628 and outstanding letters of credit in the stated amount of \$2,000,000 and ABC Canada Inc. has outstanding term loans of \$22,000,000. The maturity for all loans and reimbursements of draws under the letters of credit is June 30, 2013.
- Pursuant to the Plan of Reorganization, the prepetition senior subordinated notes and the indenture governing the prepetition senior subordinated notes were cancelled on the Effective Date.
- On the Effective Date, ABC issued \$140 million aggregate principal amount of convertible notes. Under the terms of the Indenture, the convertible notes will mature on February 26, 2020.
- Based on 2010 production forecasts, ABC expects to comply with all debt covenants and that liquidity will be sufficient to fund currently anticipated working capital, capital expenditures, and debt service requirements for at least the next 12 months.

## Recent Events

- On February 18, 2010, the Bankruptcy Court entered an Order Confirming Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code which approved and confirmed the Plan, as modified by the Confirmation Order. In connection with the confirmation hearing, prior to entry of the Confirmation Order, the Debtors and all of their constituents reached a settlement to fully resolve their disputes whereby all constituents agreed to support the Plan.
- The Debtors anticipate that they will likely emerge from Chapter 11 protection on or about February 26, 2010 (the actual date of emergence, the "Effective Date"). However, consummation of the Plan is subject to certain conditions that the Debtors must satisfy before the Effective Date. The Debtors can make no assurances as to when, or ultimately if, the Plan will become effective. It is also possible that technical amendments could be made to the Plan.
- The Reorganization Plan provides for (i) approximately \$308.2 million of "first-out" senior indebtedness outstanding under the Company's Fourth Amended and Restated Credit Agreement, dated as of January 31, 2005, as amended, among the Company, ABC Canada Inc., the lenders, Deutsche Bank Trust Company Americas, as the administrative agent for the lenders, and the other agents party (the "Prepetition Credit Agreement"), (ii) approximately \$70.1 million of indebtedness under the "last-out" term loans currently outstanding under the Prepetition Credit Agreement and held by an affiliate of Sun Capital Partners and (iii) approximately \$291 million of indebtedness outstanding under the Company's 8.5% Senior Subordinated Notes due 2015 (the "Senior Subordinated Notes"), issued pursuant to the Indenture dated January 31, 2005 between the Company, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee. In addition, on the Effective Date, all outstanding shares of the Company's common stock and other equity interests will be canceled.

## Capital Structure

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The Plan provides for a restructuring of the Company's capital structure which, upon the Effective Date, would consist of the following:

- Senior Credit Facility — The Prepetition Credit Agreement will be amended and restated to provide for a senior credit facility of approximately \$308.2 million.
- 7.5% Senior Convertible Notes — The Company will issue \$140 million principal amount of 7.5% Senior Convertible Notes (the "New Notes") that will be convertible into 60% of the outstanding Common Stock, on a fully diluted basis.

Common Stock and Warrants — The Company will issue the following securities, each on a pro rata basis (unless otherwise described in this Form 8-K): (i) 98 million shares of common stock, par value \$0.01 per share (the "Common Stock") to holders of the Senior Subordinated Notes, (ii) 25 million shares of Common Stock to the Backstop Parties as payment of the Backstop Fee pursuant to the Convertible Notes Commitment Agreement, (iii) 2 million shares of Common Stock to the Company's equity holders, and (iv) Warrants to purchase 22,058,824 shares of Common Stock (the "Warrants") to the Company's equity holders. The Warrants are exercisable at an exercise price of \$2.10 per share for a period beginning on the first business day following the Effective Date and ending on the two-year anniversary of the Effective Date.

#### Authorized Capital Stock

The Company's Amended and Restated Certificate of Incorporation will authorize the Company to issue up to 100,000,000 shares of preferred stock and up to 800,000,000 shares of Common Stock. The Plan does not provide for the issuance of, and the Company does not expect to issue, any shares of preferred stock in connection with the completion of the Plan.

#### DIP Financing

On Nov 3, 2009, the Bankruptcy Court allowed for ABC to tap into the full amount of a \$50 million debtor-in-possession loan. Judge Brendan Linehan Shannon of the U.S. Bankruptcy Court for the District of Delaware in Wilmington on Monday approved the DIP on a final basis.

**ABC Corporation**  
**Condensed Consolidated Balance Sheet (Unaudited)**  
**January 31, 2010**  
**(Unaudited - Prepared in connection with the Monthly Operating Report for January 2010 to be filed with the Bankruptcy Court)**

(In thousands)

#### **ASSETS**

##### **CURRENT ASSETS:**

Cash and cash equivalents	\$	50,365
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Customer receivables, net	\$	65,430
Other receivables	\$	7,382
Inventories, net	\$	56,600
Supplies	\$	16,608
Current income taxes receivable	\$	312
Deferred income taxes	\$	2,811
Prepaid expenses and other current assets	\$	4,214
Total current assets	\$	203,722
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	\$	225,712
<b>OTHER ASSETS:</b>		
Goodwill	\$	127,474
Other intangible assets, net	\$	92,150
Def financing costs, net	\$	7,557
Pension benefit plan	\$	7,602
Other	\$	17,047
<b>TOTAL</b>	<b>\$</b>	<b>681,264</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$	46,512
Current portion of long-term debt	\$	676,663
Accrued payroll and compensation	\$	17,128
Accrued interest payable	\$	26,177
Derivatives	\$	1,071
Accrued and other liabilities	\$	28,095
Total current liabilities	\$	795,646
DEFERRED INCOME TAXES	\$	22,188
OTHER POSTRETIREMENT LIABILITY	\$	61,012
PENSION LIABILITY	\$	35,782
OTHER LIABILITIES	\$	6,935
<b>STOCKHOLDERS' EQUITY:</b>		
Common stk and additional pic	\$	268,580
Treasury stock	\$	(751)
Other comprehensive income	\$	(48,376)
Retained earnings (deficit)	\$	(459,752)
Total stockholders' equity	\$	(240,299)
<b>TOTAL</b>	<b>\$</b>	<b>681,264</b>

### Third Party Credit Data

#### Standard & Poor's

- Oct. 8, 2009--Standard & Poor's Ratings Services today said it has lowered its issue ratings on ABC Corp.'s senior secured debt to 'D' following the company's announcement that it has filed for Chapter 11 bankruptcy protection. The corporate credit rating and the issue rating on the company's subordinated notes were lowered to 'D' on Aug. 6, 2009.
- ABC said its lenders have agreed to a prearranged debt restructuring plan that, if approved by the bankruptcy court, would extend the maturity of the company's secured revolving credit facility and "first-out" term loan through June 30, 2013. ABC's "last-out" term loan could be repaid with proceeds from a rights offering of new convertible notes, which the

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company plans to conduct following emergence from bankruptcy. ABC said the rights offering would be backstopped by certain holders of the existing subordinated notes. We could revise our recovery rating on the last-out" term loan.

- ABC said its Canadian and Mexican subsidiaries would not be included in the bankruptcy filing.

SAMPLE

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